United Nations E/CN.5/2012/NGO/1

Economic and Social Council

Distr.: General
1 December 2011

Original: English

Commission for Social Development
Fiftieth session
1-10 February 2012
Item 3 (a) of the provisional agenda*
Follow-up to the World Summit for Social Development and the twenty-fourth special session of the General Assembly: priority theme: poverty eradication

Statement submitted by Passionists International, a non-governmental organization in special consultative status with the Economic and Social Council

The Secretary-General has received the following statement, which is being circulated in accordance with paragraphs 36 and 37 of Economic and Social Council resolution 1996/31.

* E/CN.5/2012/1.

11-59691 (E) 071211

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Statement

Our world is experiencing rapidly growing inequality, with 80 per cent of the world's population sharing a mere 30 per cent of the world's wealth. According to the International Labour Organization, the income of just 1 per cent of the world's population (the 61 million persons) is equal to that of 56 per cent (3.3 billion persons). Linked with this inequality, corporation-led practices, such as mining, the use of chemicals and pesticides, water pollution and deforestation, have a severe and dangerous effect on the Earth. These combined actions have created an unsustainable future for the human community. It is the people who are forced to live in poverty and the planet itself that bear the brunt of this inequality. As stated by Pat Mooney of the ETC group: "Our energy system is unsustainable; our food chain is breakable; our environment is eroding and our water is running out" (see www.etcgroup.com).

While businesses are, by their nature, geared to making profit, they can no longer be exempted from oversight and scrutiny. The dominance of the neoliberal market model has meant that companies, particularly corporations operating in several countries, can escape scrutiny in all countries but their country of origin. Policies calling for self-regulation by corporations have been found wanting. The pressure to maximize shareholder profit is too often the enemy of respect for the rights of people on whose lands and territories commercial projects are built. Now is the time for serious consideration of standards that are enforceable.

Many Governments have capitulated and allowed the privatization of institutions once thought to be inherently public in nature. Government instrumentalities produced real goods and services and provided a livelihood for the local community. These public instruments included such things as care of natural resources, social services, prisons and transportation.

Corporations, whether operating within or outside their own countries, must be held accountable to the triple bottom line. This means that economic growth and profit must be pursued within the limits imposed by appropriate standards of environmental protection, social well-being and access to benefit-sharing for the communities where corporations do business. Corporate planning and action must not be exempted from those demands. The sheer increase in the number of large corporations involves greater competition for resources with finite capacity and real limits. As the international community struggles to impose realistic limits on all of us to control pollution and hold down the levels of carbon dioxide that threaten the very future of the planet, it becomes more urgent for serious consideration to be given to regulation.

Extractive industries have a particularly negative impact on the achievement of the triple bottom line. The recent practice of hydraulic fracturing, or "fracking", to extract gas in shale rock and coal bed seams deep within the earth uses huge volumes of water and toxic chemicals injected into the earth under enormous pressure. The process causes the contamination of groundwater aquifers and the release of dangerous gases. Urgent investigation, regulation and monitoring of this practice is needed.

Other concerns related to fracking include air pollution, wastewater disposal, the industrialization of farmland, increased carbon dioxide emissions, the destruction of wildlife habitat and, a little-reported effect, a significant number of

"induced earthquakes". The precautionary principle must shape decisions on the use of such methods of extraction.

In the scramble to find new sources of minerals and oil, companies often find themselves in conflict with indigenous peoples, farming interests and the food security needs of some countries. Too often, host country Governments are complicit in enabling corporations to flout environmental standards or to proceed without obtaining the free, prior and informed consent of indigenous landowners. The world's five largest food and beverage processing companies annually use enough fresh water to meet the personal needs of everyone in the world. In 1995, the world's top 10 seed companies controlled 37 per cent of global commercial seed trade. Today, they control 73 per cent. The top 100 food processing companies control 77 per cent of global packaged food sales, and 10 companies control almost one third of total sales. As corporations accumulate wealth for their shareholders, people trapped in poverty pay higher prices for food and face the loss of clean drinking water and even their own lands and livelihoods.

In the light of the growing depletion of the Earth's resources and the resulting effect on people living in poverty, we call upon multinational corporations to exercise their social and environmental responsibility to ensure the long-term well-being of people, lands and oceans.

Recommendations

In pursuit of a more equal world order, we recommend that:

(a) Governments require that all activity by corporations be measured against the precautionary principle;

(b) Member States urgently consider the need for enforceable standards of economic, social and environmental accountability, applied to corporations in every country in which they operate;

(c) Corporate self-regulation must be strengthened with enforceable rules for transparent financial reporting of all profits in all countries in which multinational corporations operate;

(d) The United Nations should take a leadership role through the continued development of the *Transfer Pricing Manual*. This is vital since transfer pricing regulations are essential for countries to protect their tax base and enhance cross-border trade. Developing countries must be able to create a climate of certainty for increased cross-border trade without losing out on essential tax revenue.

Note: Statement endorsed by the following non-governmental organizations in consultative status with the Council: Congregations of St. Joseph, Congregation of Our Lady of Charity of the Good Shepherd, Company of the Daughters of Charity of St. Vincent de Paul, Dominican Leadership Conference, International Presentation Association of the Sisters of the Presentation, Sisters of Notre Dame de Namur, Salvation Army, UNANIMA International and VIVAT International.